

Message Text

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44

ACTION EA-14

INFO OCT-01 EUR-25 IO-14 ISO-00 AID-20 TRSE-00 CIAE-00

DODE-00 PM-07 H-03 INR-11 L-03 NSAE-00 NSC-07 PA-04

RSC-01 PRS-01 SP-03 SS-20 USIA-15 EB-11 COME-00 AGR-20

SR-02 ORM-03 IGA-02 DRC-01 /188 W

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R 101106Z SEP 74

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 9534

INFO AMEMBASSY CANBERRA

AMEMBASSY BRUSSELS

AMEMBASSY OTTAWA

AMEMBASSY HELSINKI

AMEMBASSY PARIS

AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY THE HAGUE

AMEMBASSY WELLINGTON

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

AMEMBASSY LONDON

AMEMBASSY BERN

AMEMBASSY SAIGON

AMEMBASSY VIENTIANE

AMEMBASSY PHNOM PENH

USMISSION USUN NEW YORK

C O N F I D E N T I A L COPENHAGEN 2506

E.O. 11652: GDS

TAGS: EAID, XC, DA

SUBJECT: INDOCHINA DONORS' MEETING: DANISH POSITION

REF: A. STATE 192069, B. COPENHAGEN 780 AND PREVIOUS (NOTAL)

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BEGIN SUMMARY. DANES HAVE NO GREATER ENTHUSIASM

FOR INDOCHINA DONORS' GROUP, IN WHATEVER FORM, THAN LAST FEBRUARY. THEY, HOWEVER, ARE RECONSIDERING THEIR POSITION IN CONSULTATION WITH OTHER SCANDINAVIANS. THEY ALSO WISH TO TALK BOTH WITH WORLD BANK AND REPRESENTATIVES OF OTHER COUNTRIES DURING IMF/IBRD BOARDS MEETINGS BEFORE MAKING UP THEIR MINDS. CONCERN OVER POLITICAL REACTION FROM THOSE ELEMENTS STILL SENSITIVE TO VIETNAM ISSUES APPEARS TO REMAIN THE MAJOR DANISH CONSTRAINT. END SUMMARY.

1. IN ABSENCE OF DANISH AID AGENCY ADMINISTRATOR (ULRICHSEN), EMBOFF ON SEPT. 6 CALLED ON CHIEF OF MULTILATERAL ASSISTANCE SECTION (BJORN OLSEN) TO PRESENT U.S. POSITION ON PROPOSED INDOCHINA DONORS' GROUP MEETING OCTOBER 17. PRESENTATION WAS ALONG LINES OUTLINED IN REF A AND WE LEFT MEMORANDUM ON MAIN POINTS. DANISH RESPONSE WAS MUCH AS IN THE PAST (REF B) BUT OLSEN DID INDICATE THEY WERE REFLECTING ON THEIR POSITION. HE SAID THAT DANES HAVE NOT MADE UP THEIR MINDS, WILL CONSULT FURTHER WITH SCANDINAVIAN COLLEAGUES AND, IMPORTANTLY, WITH WORLD BANK AND OFFICIALS FROM OTHER COUNTRIES IN WASHINGTON LATER THIS MONTH DURING IMF/IBRD BOARDS MEETINGS.

2. IN COURSE OF DISCUSSION, IT SOON BECAME EVIDENT THAT OUR PRINCIPAL OBJECTIVE SHOULD BE (AS DEPARTMENT ANTICIPATED) TO DISSUADE DANES FROM OBSTRUCTIONIST TACTICS. WHILE THEY WOULD PROBABLY LEAVE OBSTRUCTIONIST LEADERSHIP TO SWEDES, DANES DO NOT APPEAR INCLINED TO DISAGREE WITH SWEDISH LEADERSHIP ON THIS ISSUE. OLSEN WENT INTO LENGTHY EXPLANATION OF SUBSTANTIVE PROBLEMS DANES HAVE WITH AN INDOCHINA GROUP UNDER IBRD AUSPICES BUT, IN THE END, ADMITTED THAT DOMESTIC POLITICAL ATTITUDES CONTINUE TO BE IMPORTANT (HE WOULD NOT QUITE SAY PRINCIPAL) CONSTRAINT ON DANISH POLICY TOWARD INDOCHINA
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GROUP. HE NOTED THAT "IT WAS THE WILL OF THE DANISH PARLIAMENT THAT DANISH AID TO VIETNAM BE BALANCED." HE COULD NO SEE HOW DANISH PARTICIPATION IN DONORS' GROUP WOULD PERMIT THE GOVERNMENT TO CARRY OUT THE PARLIAMENT'S MANDATE FOR A BALANCED APPROACH. EMBOFF QUESTIONED WHETHER DANISH AID TO VIETNAM IS BALANCED NOW AND SUGGESTED THAT, IN ANY EVENT, MEMBERSHIP IN DONORS'

GROUP NEED NOT PREJUDICE BILATERAL AID POLICIES AND WOULD HAVE POSITIVE ASPECT AS COORDINATING POINT FOR BILATERAL AID FROM PARTICIPANTS. (NOTE: DANES PREVIOUSLY POINTED OUT TO US, AS REPORTED REF B, THAT BALANCED APPROACH NO LONGER MEANS EQUAL THREE-WAY SPLIT AMONG GVN, DRV AND PRG. WE, IN TURN, OBSERVED THAT RESULT OF CHANGED POLICY IS HEAVY IMBALANCE IN FAVOR OF COMMUNISTS.)

3. OLSEN DOUBTED THAT LAOS WOULD BE INTERESTED IN SUB-GROUP FOR ITSELF, PROBABLY WISHING SEPARATE GROUP. HE ALSO WAS UNCONVINCED ABOUT THE USEFULNESS OF ORGANIZING A SUB-GROUP FOR NORTH VIETNAM. HE THEREFORE FELT THAT, WHATEVER ELSE HAPPENED, THERE WOULD BE SEPARATE GROUP FOR SOUTH VIETNAM, THUS SPOTLIGHTING AREA IN WHICH DANISH POLITICAL SENSITIVITIES ARE HIGHEST. EMBOFF SUGGESTED THAT, IF DANES ARE CONCERNED ABOUT MEMBERSHIP IN DONORS' GROUP OR ANY PART OF IT, THEY MIGHT PERHAPS NOT WANT TO JOIN BUT OFFER NO OBJECTIONS TO ITS ORGANIZATION. OLSEN SAID SUCH ACTION WOULD ALSO HAVE ITS PROBLEMS SINCE PARLIAMENT COULD THEN ARGUE THAT THE GOVERNMENT WAS PERMITTING THE DONORS' GROUP TO MAKE DECISIONS ON USE OF IBRD FUNDS, TO WHICH DENMARK MAKES CONTRIBUTIONS, WITHOUT DANISH REPRESENTATION.

4. MEETING CONCLUDED WITH AGREEMENT THAT EMBOFF WOULD MEET WITH AID ADMINISTRATOR ULRICHSEN ON SEPTEMBER 23 FOR FURTHER DISCUSSION ON THIS ISSUE AFTER DANES HAVE HAD CHANCE TO FORMULATE THEIR THINKING A BIT MORE. OLSEN SAID U.S. CONFIDENTIAL

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POSITION WOULD BE GIVEN SERIOUS CONSIDERATION IN THESE DELIBERATIONS.

5. EMBASSY COMMENT: DOMESTIC POLITICAL SENSITIVITIES MAY BE SOMEWHAT EXAGGERATED BY DANES BUT GOVERNMENT OFFICIALS WOULD PREFER NOT TO TEST THEM. ON THE OTHER HAND, OLSEN APPRECIATED THE REASONABLENESS OF UTILIZING A CENTRAL CLEARING HOUSE TO FACILITATE COORDINATION OF BILATERAL AID PROGRAMS. HE DISAGREED, HOWEVER, ON THE NEED FOR SUCH AN ORGANIZATION AT THIS TIME. AT THIS STAGE, WE ESTIMATE DANES WOULD BE LUKEWARM AT BEST AND MILDLY OBSTRUCTIONIST AT WORST TOWARD ORGANIZATION OF DONORS' GROUP.

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